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THIRD COMMITTEE: COMMERCIAL POLICY

SUMMARY RECORD OF THE FORTY-FIFTH MEETING

Hold at the Capitol, Havana, Cuba,
12 March 1948, 10.30 a.m.

Chairman: Mr. L. D. WILGRESS (Canada)

1. SECTION D OF CHAPTER IV - Report of Central Drafting Committee on
Articles 30 to 31A (E/CONF.2/C.3/5/Rev.1 and Add.1 and Corr.1)

Mr. BRIGNOLI (Argentina) stated that his delegation withdrew its reservation to Section D.

Mr. EVANS (United States) supported by Mr. LECUYER (France) suggested that the Central Drafting Committee should consider the rewording of the first three lines of paragraph 1 (a) and the seventeenth and eighteenth line of paragraph 1 (b) of the French text of Article 30 in order to bring it into conformity with the intention of the English text that the obligation is on the Member itself.

Article 30 and the Interpretative Note were approved, subject to further examination by the Central Drafting Committee of the point referred to.

Article 30A with the changes recommended by the Central Drafting Committee was approved.

Article 31 and the Interpretative Note with the changes recommended by the Central Drafting Committee were approved. The comment of the Central Drafting Committee concerning the term "prix au débarquement" was considered and it was agreed that the expression should stand.

Article 31A with the changes recommended by the Central Drafting Committee was approved, subject to the reservation of Chile.

2. SWISS PROPOSAL - Report of Sub-Committee G (E/CONF.2/C.3/72)

The CHAIRMAN called attention to the recommendation of Sub-Committee G that the Conference "should direct the Interim Commission to invite the Swiss government to participate.....with a view to submitting a report to the first Conference....." (paragraph 9 of Report C.3/72).

Mr. EVANS (United States) read out document E/CONF.2/C.3/73 which contained the views of the United States delegation: paragraphs 4, 7, 8 and 9

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/of the Report

of the Report were acceptable but some statements in paragraphs 5 and 6 were not in that they would limit the freedom of the Interim Commission in its examination of the Swiss problem. In supporting the Report, the United States delegation could not approve of paragraphs 5 and 6, and he proposed their deletion.

Mr. STUCKI (Switzerland) said that the recommendation in paragraph 9 was a postponement of the solution. Whereas a settlement of this unique case might have been made by a simple majority at Havana, Article 74 would require a two-thirds majority at a Conference of the Organization; further, certain countries which had earnestly supported the Swiss proposal might not be Members.

The Report as a whole was just as precarious as the recommendation; a large number of comments made in Sub-Committee were not in the Report. In a spirit of compromise the original draft proposed by the Chairman of Sub-Committee G had been weakened in order to reach an unanimity which was not achieved.

Paragraph 6 read "if such a country has to engage in bilateral negotiations" he had been unable to accept the word "compelled" in this connection. That was the reason for the United States proposal to delete paragraphs 5 and 6, but the Report would be valueless and unacceptable without them.

Although the Swiss Amendment was still tabled, a vote would not be requested because of the difficulties which might be enforced upon certain delegations, because of the reaction in Switzerland and possible repercussions elsewhere and because Switzerland would not wish its attitude to be interpreted as being hostile to the Havana Charter and to world trade.

Therefore, even though the Report was not all what it might have been, appreciation was extended to those who had worked toward a solution. Negotiations between the Interim Commission and Switzerland might have little success but hope could be maintained because of recent statements made outside the Conference: Sir Stafford Cripps, speaking of Great Britain's commercial policy, had emphasized the necessity of European countries finding a solution to their difficulties in bilateral arrangements. Recognizing that multilateralism was an ideal, he had said that the right to bilateral agreements could not be waived. Also, Mr. William Thorpe, speaking before the Economic and Social Council, said that the development of commercial bilateral treaties could not be criticized; in the circumstances this was the normal way to overcome an abnormal situation.

Despite disillusion, Switzerland hoped that the Interim Commission could find a way for Switzerland to join the ITO.

Mr. SHACKLE (United Kingdom) supported the Sub-Committee Report; paragraphs 5 and 6 were statements of facts which should be recognized. He felt it would be most unfortunate if Switzerland could not become a Member.

/Mr. MORTON (Australia)

Mr. MORTON (Australia) said it would be impossible not to have sympathy for the Swiss position. Nevertheless, it did appear that the report limited the field of action of the Interim Commission. It would not be desirable to exclude paragraphs 5 and 6 but it should be made clear that the field of inquiry of the Interim Commission should not be limited.

Mr. EVANS (United States) said that the representative of Switzerland had correctly pointed out that the United States opposed bilateralism. The United States delegation felt that bilateralism injured every country including those which engaged in it. Temporary bilateral measures might be necessary but their permanency was feared. There was no country for which the United States delegation had more admiration than for Switzerland and it was sincerely hoped that a solution would be found to allow Switzerland to come into the ITO, but the chances of a solution would be lessened if the Report were used as a guide by the Interim Commission. His delegation would accept the Report if the following were incorporated in the Committee Report: "Committee III agrees with the recommendation of Sub-Committee G with the understanding that the Interim Commission, while giving such weight as it may consider desirable to the Report of the Sub-Committee, should examine all aspects of the problem and possible solutions."

Mr. LECUYER (France) agreed with the remarks of the representative of the United Kingdom. Due to its traditional relationship with Switzerland, France knew the strength and weaknesses of the Swiss economy and felt that its weakness was due to the weakness of others with whom Switzerland traded. The Report dealt with material facts, and without laying down instructions for further studies, it provided a basis for the work of the Interim Commission.

Mr. KUMLIN (Sweden) said that the Organization would have less value if Switzerland were not a Member. The problem was very complex and no simple solution could be found which would not weaken the Charter. However, it was important for Europe that a solution be found, even a complicated one. The problem of bilateral trade was Europe's problem and one of the most important matters to be dealt with by the Organization. He supported the Report of the Sub-Committee.

Mr. FLUSZTEIN (Poland) said that his delegation attached the greatest importance to the Swiss problem. Switzerland's position in Europe necessitated its becoming a Member of an international trade organization. Through its study the Sub-Committee had been faced with a concrete example of how the Charter would operate, and had acquired more understanding of the vital problems of European trade. The facts presented by the representative of Switzerland had been neither doubted nor opposed. Moreover, no one had doubted the conclusions of the Sub-Committee. The Report was modest indeed, and, as
/the representative

the representative of Switzerland had pointed out, it contained only a minor part of the conclusion reached by the Sub-Committee. The Report would not prejudice the work of the Interim Commission but would give it the elements of the Swiss problem.

Mr. REISMAN (Canada) emphasized that the solution of the world's economic ills could best be achieved by a return to the multilateral approach, although during the transition period bilateralism might be required. The Canadian delegation could support the Report with the provision that it would not limit, hinder or prejudge any studies of the Interim Commission.

Mr. STUCKI (Switzerland) said that the Sub-Committee had found that Switzerland would have to protect itself against an extraordinary influx of imports due to her free market and hard currency. Despite this the caustic phrase "may need powers" had been used in paragraph 6. In paragraph 5 the word "threaten" was used although there could be no challenge to the disquieting figures of increasing imports and decreasing exports which he had presented.

The findings of the Sub-Committee should be referred to the Interim Commission to do with them as it saw fit. Any change in the Report now would destroy the psychological and political effect which it would have in the Swiss Parliament. If the Committee accepted the Report, the original Swiss proposal could be withdrawn and recommendation could be made to the Swiss Government to enter into negotiations with the Interim Commission. Any amendment would affect the moral value which the Report had in Switzerland.

Mr. MacLIAM (Ireland) felt that in any event the Interim Commission would consider all relevant factors and in view of the remarks made by the representative of Switzerland he supported the Sub-Committee Report, with the suggestion that the word "manufacture" in line 3 of paragraph 5 be changed to "production".

Mr. MULLER (Chile) felt that it would be unjust if Switzerland could not enter ITO or that it should lose its stability by entering. He supported the Report of the Sub-Committee.

Mr. WOULBROUN (Luxembourg) and Mr. BRIGNOLI (Argentina) supported the statement of the representative of France.

Mr. HOLLOWAY (South Africa) said that the element of stability to be found in Switzerland was of the greatest value to Europe and to the ITO. Anything added to the Charter which would increase Switzerland's problem would not promote the efforts to achieve multilateral trade. In view of all the exceptions and extensions already granted, it would be preferable, even at the risk of naming the country, to preserve this element of stability.

/The representatives of

The representatives of Italy, Netherlands, Austria and New Zealand supported the Report of the Sub-Committee.

Mr. CORIAT (Venezuela) said that provision should be made for the case of a small country with very little agriculture, no raw materials, which survived because of its ability and energy, had no balance of payments difficulties, was dependent upon its foreign trade, was weakened because its production was of luxury items, but was an attractive market because of its hard currency, in order to combat any situation which would lead to economic ruin and unemployment. That was the unanimous opinion in the Sub-Committee, and it had not been said that there was any provision in the Charter to assist such a country. The representative of Canada had recognized that bilateralism should continue to a certain point but the United States delegation could not accept mention in the report that a country at any point should resort to bilateralism. He supported the Report of the Sub-Committee.

The representatives of Portugal and Turkey supported the Report of the Sub-Committee.

Mr. CECUHY-TERRA (Uruguay) stated that he had always considered the Swiss problem as being universal and not peculiar to Europe. The happy solutions found for many other Articles were not foreseen during the earlier discussions and that time the Latin-American nations had felt outside the Charter and similarly it might still be possible to find an answer to the Swiss problem. The Report should be supported in its present form because it would draw the attention of the Interim Commission to those elements of the Swiss problem which were outside the provisions of the Charter.

The Irish proposal to substitute "production" in place of "manufacture" in paragraph 5 of the Report was approved.

On the suggestion of the Chairman, Mr. EVANS (United States) agreed that if the Summary Record of the Meeting contained the remark of the representative of Switzerland to the effect that the Report of the Sub-Committee would not bind the Interim Commission in its endeavours, it would be unnecessary to include the specific resolution he had earlier proposed.

The Report of Sub-Committee G was adopted, the United States delegation recording its dissention from certain passages.

Mr. STUCKI (Switzerland) withdrew the Swiss amendment, (document E/CONF.2/C.3/11).

The meeting rose at 1.00 p.m.
